

by us. If the volume of hogs used in reporting the price in the Western Cornbelt Report drops below a daily average of 10,000 for any week, then we may redefine the Western Cornbelt Price to be equal to an average of hog prices reported by a third party industry source(s) determined by us. We will provide you written notice identifying any new source for the Western Cornbelt Price and any change in definition.

(e) The price for all hogs delivered to us in excess of the agreed monthly or quarterly quantities shall be our daily quoted market price. If we overpay you for such hogs, you agree to promptly repay any overpayment upon receipt of notice of the overpayment. If you fail to do so, we may deduct the overpayment from the Contract Price for your next delivery(ies) of hogs.

(f) You must pay us a "**Delivery Shortage Assessment**" for under delivery of contract hogs as follows:

(1) **Constant Flow.** If you have constant flow production, this paragraph 3(f)(1) applies. If you deliver to us under this Agreement less than the monthly quantity of hogs specified in the Delivery Schedule in any month, then you must pay us a Delivery Shortage Assessment. The Delivery Shortage Assessment shall be the number of contracted hogs not delivered in the month multiplied by a per hog assessment equal to five dollars (\$5.00) plus the excess, if any, of the Monthly Western Cornbelt Price over the Monthly Adjusted Cutout assuming a 200 lb. carcass. The "**Monthly Western Cornbelt Price**" shall be the Western Cornbelt Price calculated as the average of the daily weighted average base prices for the month. The "**Monthly Adjusted Cutout**" shall be the Adjusted Cutout calculated using the average of the daily carcass cutout values for the month. For example, assume you deliver 60 hogs less than the number of contracted hogs in a month, the Monthly Western Cornbelt Price is \$50.32 and the Monthly Adjusted Cutout is \$50.16. The \$0.16 carcass cwt. excess of the Monthly Western Cornbelt Price over the Monthly Adjusted Cutout (\$50.32 - \$50.16) multiplied by 2.00 (for a 200 lb. carcass) equals \$0.32. This \$0.32 added to the fixed \$5.00 equals a \$5.32 per hog assessment. This \$5.32 per hog multiplied by the 60 hog shortfall equals a \$319.20 Delivery Shortage Assessment for the month.

(2) **Quarterly Flow.** If you have quarterly flow production, this paragraph 3(f)(2) applies. If you deliver to us under this Agreement less than the quarterly quantity of hogs specified in the Delivery Schedule in any quarter, then you must pay us a Delivery Shortage Assessment. The Delivery Shortage Assessment shall be the number of contracted hogs not delivered in the quarter multiplied by a per hog assessment equal to five dollars (\$5.00) plus the excess, if any, of the Quarterly Western Cornbelt Price over the Quarterly Adjusted Cutout assuming a 200 lb. carcass. The "**Quarterly Western Cornbelt Price**" shall be the Western Cornbelt Price calculated as the average of the daily weighted average base prices for the quarter. The "**Quarterly Adjusted Cutout**" shall be the Adjusted Cutout calculated using the average of the daily carcass cutout values for the quarter. For example, assume you deliver 150 hogs less than the number of contracted hogs in a quarter, the Quarterly Western Cornbelt Price is \$50.32 and the Quarterly Adjusted Cutout is \$50.16. The \$0.16 carcass cwt. excess of the Quarterly Western Cornbelt Price over the Quarterly Adjusted Cutout (\$50.32 - \$50.16) multiplied by 2.00 (for a 200 lb. carcass) equals \$0.32. This \$0.32 added to the fixed \$5.00 equals a \$5.32 per hog assessment. This \$5.32 per hog multiplied